



STATE OF MICHIGAN

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MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

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## MEMORANDUM

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**TO:** OFFICE OF COMMUNITY DEVELOPMENT STAFF & GRANTEES  
**FROM:** STEPHEN LATHOM, HOMEBUYER DEVELOPMENT SPECIALIST  
**SUBJECT:** FY 2007 INCOME LIMITS  
**DATE:** APRIL 1, 2007

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On March 20<sup>th</sup>, HUD published FY 2007 Income Limits that apply to a broad range of federal housing programs, including HOME and CDBG funds administered by the Office of Community Development (OCD). Those “new” income limits have been put into OPAL and activated as of April 1, 2007.

Beginning with FY 2007 limits, however, HUD has updated the statistical methodology by which they estimate median family incomes to use more current data sets available from the Census Bureau. By using a slightly different statistical yardstick, HUD arrived at different median family income figures than they did in 2006, and in the majority of cases across the country, this resulted in lower estimates of median income.

As a result, provisions of HUD regulations that apply a “historical” exception are being used to hold eligible income limits at prior year’s levels. In short, even though the median family income estimate is now lower than before, the HUD limits published at 30%, 50%, and 80% of Area Median Income (AMI) limits are held steady. Because many MSHDA programs and grantees’ local guidelines use additional percentages of AMI to determine eligibility, OCD also calculates and publishes AMI limits at 20%, 40%, 60%, and 70% AMI.

Only 3 Michigan Counties—Jackson, Grand Traverse, and Livingston—had changes in the income eligibility chart. Both Jackson and Grand Traverse Counties saw slight increases in the eligibility limits at each percentage of AMI. Livingston County had changes in the HUD published 30% and 50% AMI levels but not at the 80% AMI level. Livingston County’s 80% limit is constrained by regulations limiting 80% AMI eligibility at 100% of the national median family income. Finally, in error checking the figures in OPAL, we discovered that Delta County’s chart had been improperly published last year. The published chart showed limits lower than the HUD published figures. The new chart in OPAL corrects this error.

While many program administrators are accustomed to regular annual increases in the income limits, it is worth repeating that the lack of change this year is generally true across the entire nation and driven by changes in HUD’s underlying statistical methodology. Despite the economic challenges facing the state, the lack of change in the income chart should not be taken as evidence of a wholesale decline in incomes in nearly every county.

Finally, the income chart published in OPAL is for use by Office of Community Development grantees. As a general rule, the methodology for calculating various income limits based on a percentage of AMI for different programs should be highly consistent, it is possible that other MSHDA programs such as Section 8 Rental Assistance, the Low Income Housing Tax Credit, Multi-Family Direct Lending, and Single Family Mortgage Lending along with LINKS to Homeownership have slightly different income charts. Some of these programs, however, have income limits based on different federal or state rules leading to other differences. If you participate with any of those programs, please consult the appropriate staff to obtain the appropriate income limits.

Should you have any questions about these issues, please contact your Community Development Specialist.



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